

INCOMING TELEGRAM

Department of State

31-W

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Action

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FROM: Luxembourg

RMR

TO: Secretary of State

SS

NO: COLUX 145, January 24, 11 p.m. (SECTION ONE OF TWO)

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PRIORITY

SENT DEPARTMENT COLUX 145; REPEATED INFORMATION PRIORITY BONN
COLUX 37, PRIORITY BRUSSELS BUSEC 44, THE HAGUE COLUX 23,
ROME COLUX 25, PARIS COLUX 56, GENEVA 27, DUESSELDORF 20.

BRUSSELS FOR EMBASSY ALSO

PARIS FOR EMBASSY AND USRO

Reference: COLUX 143 and 144

When I called Spierenburg this afternoon at his request, he stated that High Authority press communique designed to make clear High Authority position that Federal Republic could impose tariff quota only on recommendation of High Authority, that contrary to reports from Bonn (Bonn's 1575 to Department) High Authority had not agreed to German duty-free figure of 4.25 million tons, and that the High Authority would itself decide on size of duty-free component. Communique, however, left open amount of duty-free imports that High Authority would recommend and this still to be decided. High Authority already under pressure to make known its figure and will probably reach decision at its meeting on Wednesday, January 28.

Spierenburg stated that High Authority considered it necessary assert its authority under treaty to avoid default to German Government on powers resting with community. (Balladore cited Article 72 of treaty, special provisions for steel tariff in Section 15 of transitional convention, and preamble to GATT waiver, as evidence of intention have harmonized tariff on coal, which could not be changed unilaterally by

member

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member states). Spierenburg then continued on purely personal basis, emphasizing that what followed was not for quotation or attribution. He considers that prevailing sentiment within High Authority was against offending the Germans by any substantial raising of the duty-free component. This sentiment reinforced by reports that Burckhard had obtained concurrence of John Lewis to measures Germans now taking, by strong opposition already expressed by Cattermuth to High Authority intervention, and by cautiousness of HA in face uncertainty concerning reappointments of members on February 10, Spierenburg himself would continue advocate 6 million figure (although now appears he regards this as figure for total German imports and not for imports from US, for which comparable figure would be about 5.4 million), but he considers likely outcome will be HA figure within range of 4.5 to 5 million tons for total German imports. Spierenburg would also favor explicit provisions requiring duty-free figure to be raised if, and as, German total coal consumption increases.

He said that advocates of lower figure and less liberal import arrangements would be strengthened if there was no strong adverse reactions by Washington to German figure before next Wednesday's meeting. In addition he argued, and I believe correctly, that he would be in better position persuade HA to adopt higher figure and more liberal provisions (e.g. re increasing duty-free imports with increased consumption) if he could reach some understanding on tariff quota limits and conditions which, even though not welcomed or concurred in by US, would not be actively opposed by US and if there were evidence of US preference for community approach to problem under HA leadership. If US considered it desirable, he would be prepared send HA official, probably Ballardore, to US immediately to explore with US Government whether some understanding could be reached. If US expressed interest in such exploratory discussion, which would of course be without any commitment on US side with regard its outcome, he would seek postponement of High Authority decision on German import figure at Wednesday meeting.

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